

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature			Date	

ROCKWOOD HOUSING COMMISSION

Financial Statements

March 31, 2004

Audited by

JOHN C. DIPIERO, P.C.

Certified Public Accountant

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***John C. DiPiero, P.C.***

Certified Public Accountant

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Board of Commissioners  
Rockwood Housing Commission  
32409 Fort Street  
Rockwood, Michigan 48173

### **Independent Auditor's Report**

I have audited the financial statements listed in the Table of Contents of the Rockwood Housing Commission as of and for the year ended March 31, 2004. These financial statements are the responsibility of the Housing Commission's management. My responsibility is to express an opinion on the financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Rockwood Housing Commission as of March 31, 2004, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

My audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Financial Data Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, if fairly stated in all material respects in relation to the financial statements taken as whole.

In accordance with *Government Auditing Standards*, I have also issued my report dated September 15, 2004 on my consideration of the Rockwood Housing Commission's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Certified      Public      Accountant

September 15, 2004

ROCKWOOD HOUSING COMMISSION  
Statement of Net Assets  
March 31, 2004

ASSETS

C-3026

CURRENT ASSETS

Cash	\$	92,706
Accounts Receivable- Tenants (Net of Allowance of \$ 0)		329
Accounts Receivable- HUD		900
Accrued Interest Receivable		21
Investments		114,343
Prepaid Expenses		3,328
Interprogram-due from		<u>900</u>
Total Current Assets	\$	211,627

NON CURRENT ASSETS

Land	\$	36,763
Buildings		1,495,987
Furniture, Equipment- Dwellings		30,628
Furniture, Equipment- Administrative		38,328
Leasehold Improvements		208,397
Accumulated Depreciation		<u>(1,183,659)</u>
Total Non Current Assets		<u>626,444</u>

TOTAL ASSETS \$ 838,971

ROCKWOOD HOUSING COMMISSION  
Statement of Net Assets  
March 31, 2004

LIABILITIES

C-3026

LIABILITIES:

CURRENT LIABILITIES

Accounts Payable	\$	8,820
Accrued Wages & Payroll Taxes		1,380
Accounts Payable-Other Governments		10,004
Tenants Security Deposit		13,409
Deferred Revenue		162
Interprogram- due to		<u>900</u>
<u>Total Current Liabilities</u>	\$	34,675

NON CURRENT LIABILITIES

Accrued Compensated Absences		<u>678</u>
<u>Total Liabilities</u>	\$	35,353

NET ASSETS:

Contributed Capital	\$	338,584
Retained Earnings		<u>465,034</u>
<u>Total Net Assets</u>		<u>803,618</u>

TOTAL LIABILITIES & NET ASSETS \$ 838,971

The Accompanying Footnotes are an Integral Part of the Financial Statements

Statement of Revenues, Expenses, and Changes in Net Assets  
For the year ended March 31, 2004

OPERATING REVENUES

Tenant Rental Revenue	\$ 155,352
Tenant Revenue-Other	1,867
HUD Grants	133,867
Interest Income	2,389
Other Income	<u>1,311</u>

<u>Total Operating Revenues</u>	\$	294,786
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OPERATING EXPENSES

Administrative	\$ 60,822
Tenant Services	1,361
Utility Expenses	42,582
Ordinary Maintenance	58,112
General Expenses	<u>22,734</u>

<u>Total Operating Expenses</u>		<u>185,611</u>
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<u>Operating Income (Loss)</u>	\$	109,175
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NONOPERATING REVENUES (EXPENSES)

Depreciation Expense	\$	<u>66,689</u>
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<u>Total Non Operating Revenues (Expenses)</u>		<u>66,689</u>
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Change in Net Assets	\$	42,486
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Total Net Assets- Beginning		<u>761,132</u>
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Total Net Assets- Ending	\$	<u>803,618</u>
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The Accompanying Footnotes are an Integral Part of the Financial Statements

Statement of Cash Flows  
For the Year Ended March 31, 2004

Business Type Activities

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Customers	\$ 157,644
Payments to Suppliers	(100,501)
Payments to Employees	(68,812)
HUD Grants	133,867
Other Receipts (Payments)	<u>3,700</u>
Net Cash Provided (Used) by Operating Activities	\$ 125,898

CASH FLOWS FROM CAPITAL AND  
RELATED FINANCING ACTIVITIES

Purchases of Capital Assets	\$ (97,136)
Increase in Investments	<u>(114,343)</u>
Net Cash Provided by Capital & Financing Activities	\$ <u>(211,479)</u>

Net Increase (Decrease) in Cash and Cash Equivalents	\$ (85,581)
Balance- Beginning of Year	<u>178,287</u>
Balance- End of Year	\$ <u>92,706</u>

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET  
CASH PROVIDED (USED) BY OPERATING ACTIVITIES

Net Profit or (Loss)	\$ 42,486
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation	66,689
Changes in Assets (Increase) Decrease:	
Receivables (Gross)	17,566
Prepaid Expenses	599
Interfund Due From	17,641
Changes in Liabilities Increase (Decrease):	
Accounts Payable	(2,729)
Accrued Liabilities	162
Accrued Compensated Absences	421
Security Deposits	338
Accounts Payable- Other Governments	256
Deferred Revenue	110
Interfund Due To	<u>(17,641)</u>
Net Cash Provided by Operating Activities	\$ <u>125,898</u>

The Accompanying Notes are an Integral part of the Financial Statements



ROCKWOOD HOUSING COMMISSION  
Notes to Financial Statements  
March 31, 2004

NOTE 1: Summary of Significant Accounting Policies

**Reporting Entity-**

Rockwood Housing Commission, Rockwood, Michigan, (Commission) was created by ordinance of the city of Rockwood. The Commission signed and Annual Contributions Contract (ACC) with the U.S. Department of Housing and Urban Development (HUD). The ACC requires the Commission to provide safe, sanitary and decent housing for qualifying senior and low income families.

The Commission consists of the following:

MI 81-1	Low rent program	51 units
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In determining the reporting entity, the manifestations of oversight, as defined by the Governmental Accounting Standards Board (GASB), Cod. sec 2100, were considered. The criteria include the following:

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 is the "primary government". A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is legally separate entity for which the primary government is financially accountable. The criterion of financial accountability are the ability of the primary government to impose its will upon the potential component unit. Based on the above criteria, no component units exit.

These criteria were considered in determining the reporting entity.

**Basis of Presentation-**

The accounts of the Commission are organized by the Catalog of Federal Domestic Awards (CFDA) numbers, in the Financial Data Schedule; each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self balancing accounts that comprise its assets, liabilities, net assets, revenues, and expenditures, or expenses, as appropriate. Commission resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

## **Proprietary Funds**

Enterprise Funds- Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises- where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, management control, accountability, or other purposes.

### **Basis of Accounting-**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Proprietary Funds are accounted for using the accrual basis of accounting. The revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Prior to October 1, 1999, the Commission followed a basis of accounting consistent with the cognizant agency, the U. S. Department of Housing and Urban Development, HUD. Those practices differed from Generally Accepted Accounting Principals (GAAP); however, for all fiscal years beginning on or after October 1, 1999, HUD has required adherence to GAAP. Therefore, the current and future financial presentations will follow GAAP and the Financial Accounting Standards Board (FASB) pronouncements issued subsequent to November 30, 1989, provided no conflicts exist with the Governmental Accounting Standards Board (GASB) pronouncements.

### **Budgetary data-**

Formal budgetary integration is employed as a management control device during the year in proprietary type funds. Budgets for funds are adopted on a basis consistent with generally accepted accounting principles (GAAP) for that fund type. The Commission adopts a budget annually, and amends the budgets as it feels necessary in order to maintain financial integrity.

### **Assets, Liabilities, and Net Assets-**

#### **Deposits & Investments**

Deposits are stated at cost; the carrying amount of deposits is separately displayed on the balance sheet as cash and cash equivalents; investments are stated at cost which approximates market.

### Cash Equivalents

Cash Equivalents represent investments purchased with a three month maturity or less; investments meeting this criteria are reclassified for financial statement purposes as cash.

### Due to/From Other Funds

During the course of operations, numerous transactions occur between individual funds for goods or services; these receivables and payables are classified as "due from" or "due to" other funds on the Balance Sheet.

### Fixed Assets

The accounting and reporting treatment applied to the fixed assets are determined by its measurement focus. All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and undesignated fund balance components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations; depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

Buildings and Improvements	40 years
Equipment	3-10 years

### Compensated Absences

Sick leave and other compensated absences with similar characteristics have been accrued as a liability. The amount accrued was based on the probability that the Commission will compensate the employees for the benefits through cash payments as a condition of the employees' termination or retirement.

### Note 2: Cash and Investments.

The composition of cash and investments are as follows:

#### Cash:

General Fund Checking Account	\$ 5,668
Petty Cash	50
Cash Equivalents, below	<u>86,988</u>
Financial Statement Total	<u>\$ 92,706</u>

Investments:

Certificates of Deposit	\$ 114,343
Money Market	86,988
Cash Equivalents, above	<u>(86,988)</u>
Financial Statement Total	\$ <u>114,343</u>

Generally the Department classifies cash and investments with the following risk assumptions:

- 1) Insured or registered in the Department's name.
- 2) Uninsured or unregistered, held by a broker in the Department's name.
- 3) Uninsured or unregistered, held by a broker not in the Department's name.

	<u>Categories</u>			<u>Carrying Amount</u>	<u>Market Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Cash:					
Checking A/C's	\$ 5,668	\$	\$	\$ 5,668	\$ 5,668
Petty Cash	50			50	50
Money Market	<u>86,988</u>	<u></u>	<u></u>	<u>86,988</u>	<u>86,988</u>
Total Cash	\$ 92,706	\$	\$	\$ 92,706	\$ 92,706

Investments:

C/D's	\$ <u>114,343</u>	\$ <u></u>	\$ <u></u>	\$ <u>114,343</u>	\$ <u>114,343</u>
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In addition to the above analysis, the Department has adopted an investment policy as required by P.A. 20 of 1943, as amended by P.A. 196 of 1997; Michigan Compiled Law 129.95.

Note 3: Prepaid Expenses.

Prepaid expenses consist of the following:

Prepaid Insurance	\$ 2,208
Miscellaneous	<u>1,120</u>
	\$ <u>3,328</u>

Note 4: Fixed Asset Analysis.

The following represents the changes in fixed assets for the year:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
Land	\$ 36,763	\$	\$	\$ 36,763
Buildings	1,382,629	113,358		1,495,987
Furniture & Equipment-Dwellings	30,628			30,628
Furniture & Equipment-Admin	37,573	755		38,328
Leasehold Improvements	<u>225,374</u>	<u></u>	<u>16,977</u>	<u>208,397</u>
	\$ 1,712,967	\$ 114,113	\$ 16,977	\$ 1,810,103
Less Accumulated Depreciation	<u>1,116,970</u>	<u>66,689</u>	<u></u>	<u>1,183,659</u>
	<u>\$ 595,997</u>	<u>\$ 47,424</u>	<u>\$ 16,977</u>	<u>\$ 626,444</u>

Note 5: Other Post Employment Benefits.

The Commission provides a nonqualified Section 457 plan available only to employees of State and Local governments. Distributions cannot be made before the calendar year in which (1) the plan participant attains age 70 1/2, or (2) the plan participant separates from the service of the employer, except in the case of a hardship distribution. Required minimum distributions generally must be made in the same manner as for qualified plans.

The following disclosures are required by Governmental Accounting Standards Board (GASB) statement 32.

Beginning Plan Assets	\$ 78,305
Contributions	2,275
Investment Income net of service fees	<u>914</u>
Ending Plan Assets	<u>\$ 81,494</u>

Note 6: HUD Guaranteed Debt and Contributed Capital.

HUD guaranteed debt has been reclassified to Contributed Capital for all years ending after September 30, 1998. The reclassification is a result of all HUD programs converting from a basis of accounting prescribed by HUD other than Generally Accepted Accounting Principles (GAAP), to GAAP. Contributed Capital is adjusted annually for additional contribution and reduced by current year depreciation.

Note 7: Reclassifications.

Certain prior years' balances have been reclassified to conform to the current year's presentation.

Note 8: Combining Financial Data Schedules.

The totals in the combining Balance Sheet and combining Income Statement represent unconsolidated totals. Under principals of consolidation, inter fund transactions would be eliminated; the totals in the combined statements follow the financial data schedule format recommended by the U.S. Department of Housing and Urban Development's Real Estate Assessment Center (REAC).

Note 9: Risk Management

The Department is exposed to various risks of loss related to property loss, torts, error and omissions and employee injuries. The Department purchases commercial insurance to cover the risks of these losses. The Department had the following insurance in effect during the year:

<u>Types of Policies</u>	<u>Coverage's</u>
Property	\$ 3,639,231
General Liability	1,000,000
Automobile Liability	1,000,000
Worker's Compensation and other riders: minimum coverage's required by the State of Michigan	

Note 10: Segment Information for Enterprise Funds.

The Housing Department maintains an enterprise fund; segment information for the year ended December 31, 2003, is as follows:

Operating Revenue	\$ 294,786
Operating Income or (Loss)	109,175
Non Operating Revenue (Expenses)	
Depreciation Expense	(134,638)
Net Profit (Loss)	66,689
Non Current Assets (net)	626,444
Total Assets	838,971
Unrestricted Net Assets	803,618

	Account Description	Low Rent 14.850	Capital Fund Project 14.872	TOTAL
Line Item #				
	<b>ASSETS:</b>			
	CURRENT ASSETS:			
	Cash:			
111	Cash - unrestricted	92,706		92,706
112	Cash - restricted - modernization and development		-	-
113	Cash - other restricted			-
114	Cash - tenant security deposits	-	-	-
100	Total cash	92,706	-	92,706
	Accounts and notes receivables:			
121	Accounts receivable - PHA projects			-
122	Accounts receivable - HUD other projects		900	900
124	Accounts receivable - other government			-
125	Accounts receivable - miscellaneous	-	-	-
126	Accounts receivable- tenants - dwelling rents	329		329
126.1	Allowance for doubtful accounts - dwelling rents	-		-
126.2	Allowance for doubtful accounts - other	-		-
127	Notes and mortgages receivable- current			-
128	Fraud recovery			-
128.1	Allowance for doubtful accounts - fraud			-
129	Accrued interest receivable	21		21
120	Total receivables, net of allowances for doubtful accounts	350	900	1,250
	Current investments			-
131	Investments - unrestricted	114,343		114,343
132	Investments - restricted			-
142	Prepaid expenses and other assets	3,328	-	3,328

143	Inventories	-	-	-
143.1	Allowance for obsolete inventories	-	-	-
144	Interprogram - due from	900	-	900
146	Amounts to be provided			-
150	TOTAL CURRENT ASSETS	211,627	900	212,527
	NONCURRENT ASSETS:			
	Fixed assets:		-	
161	Land	36,763	-	36,763
162	Buildings	1,362,410	133,577	1,495,987
163	Furniture, equipment & machinery - dwellings	30,628	-	30,628
164	Furniture, equipment & machinery - administration	38,328	-	38,328
165	Leasehold improvements	204,497	3,900	208,397
166	Accumulated depreciation	(1,175,807)	(7,852)	(1,183,659)
160	Total fixed assets, net of accumulated depreciation	496,819	129,625	626,444
171	Notes and mortgages receivable - non-current			-
172	Notes and mortgages receivable-non-current-past due			-
174	Other assets			-
175	Undistributed debits			-
176	Investment in joint ventures			-
180	TOTAL NONCURRENT ASSETS	496,819	129,625	626,444
190	<b>TOTAL ASSETS</b>	708,446	130,525	838,971
	LIABILITIES AND EQUITY:			
	LIABILITIES:			
	CURRENT LIABILITIES			
311	Bank overdraft			-
312	Accounts payable ≤ 90 days	8,820	-	8,820
313	Accounts payable > 90 days past due		-	-



321	Accrued wage/payroll taxes payable	1,380	-	1,380
322	Accrued compensated absences	-	-	-
324	Accrued contingency liability			-
325	Accrued interest payable			-
331	Accounts payable - HUD PHA programs			-
332	Accounts Payable - PHA Projects			
333	Accounts payable - other government	10,004	-	10,004
341	Tenant security deposits	13,409	-	13,409
342	Deferred revenues	162	-	162
343	Current portion of Long-Term debt - capital projects		-	-
344	Current portion of Long-Term debt - operating borrowings			-
345	Other current liabilities			-
346	Accrued liabilities - other	-		-
347	Inter-program - due to	-	900	900
310	TOTAL CURRENT LIABILITIES	33,775	900	34,675
	NONCURRENT LIABILITIES:			
351	Long-term debt, net of current- capital projects			-
352	Long-term debt, net of current- operating borrowings			-
353	Noncurrent liabilities- other	678		678
350	TOTAL NONCURRENT LIABILITIES	678	-	678
300	TOTAL LIABILITIES	34,453	900	35,353
	EQUITY:			
501	Investment in general fixed assets			-
	Contributed Capital:			
502	Project notes (HUD)			-

503	Long-term debt - HUD guaranteed	-	-	-
504	Net HUD PHA contributions	338,584		338,584
505	Other HUD contributions			-
507	Other contributions	-		-
508	Total contributed capital	338,584	-	338,584
	Reserved fund balance:			-
509	Reserved for operating activities			-
510	Reserved for capital activities	-		-
511	Total reserved fund balance	-	-	-
512	Undesignated fund balance/retained earnings	335,409	129,625	465,034
513	<b>TOTAL EQUITY</b>	673,993	129,625	803,618
600	<b>TOTAL LIABILITIES AND EQUITY</b>	708,446	130,525	838,971

Rockwood Housing Commission

31-Mar-04

MI-081

	Combining Income Statement	Low Rent 14.850	Capital Fund Project 14.872	TOTAL
Line Item #				
	<b>REVENUE:</b>			
703	Net tenant rental revenue	155,352		155,352
704	Tenant revenue - other	1,867	-	1,867
705	Total tenant revenue	157,219	-	157,219
706	HUD PHA grants	40,110	93,757	133,867
708	Other government grants			-
711	Investment income - unrestricted	2,389	-	2,389
712	Mortgage interest income	-		-
714	Fraud recovery			-
715	Other revenue	1,311		1,311
716	Gain or loss on the sale of fixed assets	-		-
720	Investment income - restricted			-
700	<b>TOTAL REVENUE</b>	201,029	93,757	294,786

		201,029	93,757	294,786
	<b>EXPENSES:</b>			
	Administrative			
911	Administrative Salaries	38,417	-	38,417
912	Auditing Fees	1,500		1,500
913	Outside management fees			-
914	Compensated absences	421		421
915	Employee benefit contributions-administrative	8,690	-	8,690
916	Other operating administrative	11,794	-	11,794
	Tenant services			
921	Tenant services - salaries	-	-	-
922	Relocation costs		-	-
923	Employee benefit contributions- tenant services	-	-	-
924	Tenant services - other	1,361	-	1,361
		-		
	Utilities			
931	Water	12,764	-	12,764
932	Electricity	27,466	-	27,466
933	Gas	2,352	-	2,352
934	Fuel			-
935	Labor			-
937	Employee benefit contributions- utilities			-
938	Other utilities expense	-		-
		-		
	Ordinary maintenance & operation			
941	Ordinary maintenance and operations - labor	30,395	-	30,395
942	Ordinary maintenance and operations - materials & other	5,693	-	5,693
943	Ordinary maintenance and operations - contract costs	14,084	-	14,084
945	Employee benefit contributions- ordinary maintenance	7,940	-	7,940
	Protective services			
951	Protective services - labor			-
952	Protective services- other contract costs	-		-
953	Protective services - other			-

955	Employee benefit contributions- protective services			-
	General expenses			
961	Insurance premiums	12,985	-	12,985
962	Other General Expenses	-	-	-
963	Payments in lieu of taxes	10,003		10,003
964	Bad debt - tenant rents	(254)	-	(254)
965	Bad debt- mortgages			-
966	Bad debt - other			-
967	Interest expense		-	-
968	Severance expense	-		-
969	<b>TOTAL OPERATING EXPENSES</b>	185,611	-	185,611
970	<b>EXCESS OPERATING REVENUE OVER OPERATING EXPENSES</b>	15,418	93,757	109,175
971	Extraordinary maintenance	-		-
972	Casualty losses - non-capitalized			-
973	Housing assistance payments			-
974	Depreciation expense	60,610	6,079	66,689
975	Fraud losses			-
976	Capital outlays- governmental funds	-		-
977	Debt principal payment- governmental funds			-
978	Dwelling units rent expense			-
900	<b>TOTAL EXPENSES</b>	246,221	6,079	252,300
	<b>OTHER FINANCING SOURCES (USES)</b>			
1001	Operating transfers in (out)	-	-	-
1002	Operating transfers out			
1003	Operating transfers from/to primary government			
1004	Operating transfers from/to component unit			
1005	Proceeds from notes, loans and bonds			
1006	Proceeds from property sales			
1010	<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-	-
1000	<b>EXCESS (DEFICIENCY) OF TOTAL REVENUE OVER (UNDER) TOTAL EXPENSES</b>	(45,192)	87,678	42,486

ROCKWOOD HOUSING COMMISSION  
Status of Prior Audit Findings  
March 31, 2004

The prior audit of the Rockwood Housing Commission for the period ended March 31, 2003, did not contain any audit findings

ROCKWOOD HOUSING COMMISSION  
Report on Compliance and on Internal Control over  
Financial Reporting Based on an Audit of Financial  
Statements Performed in Accordance with  
*Government Auditing Standards*  
March 31, 2004

I have audited the financial statements of Rockwood Housing Commission, Rockwood, Michigan, as of and for the year ended March 31, 2004, and have issued my report thereon dated September 15, 2004. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Rockwood Housing Commission's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Rockwood Housing Commission's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information of management and the U. S. Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.

Certified Public Accountant

September 15, 2004

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ROCKWOOD HOUSING COMMISSION  
Schedule of Findings and Questioned Cost  
March 31, 2004

1) Summary of Auditor's Results:

Programs:

	<u>Major Program</u>	<u>Non Major Program</u>
Low income Public Housing		X
Capital Fund Program		X

Opinions:

General Purpose Financial Statements-

Unqualified

Report on compliance & Internal Control-

Unqualified

Thresholds

Dollar limit used to determine type A & B programs- \$ 300,000

2) Findings relating to the financial statements reported in accordance with Government Auditing Standards:

None

3) Findings and Questioned Costs relating to Federal Awards:

None

